

**Workshop**

Start-Up Companies – Negotiating Investment Terms with Investors

**For Tech Transfer Offices****Level****Advanced****Duration****1 day** – 8.45am to 5.00pm.**Program**

A detailed description of the workshop program is below.

How this workshop helps tech transfer professionals

Is your start-up seeking to raise capital from an angel investor, seed fund or venture capitalist? Or, is doing so on the horizon?

Either way, are you investor-ready to negotiate the terms of the investment:

- share rights
- anti-dilution rights
- investor's preferential rights to dividends and surplus capital
- share conversion rights
- participation in Board decision-making and governance
- veto or consent rights in company decision making
- tag along and drag along rights
- preferential rights to make further investment
- preferential rights to acquire shares from other shareholders
- voting rights on an "as converted" basis?

Are you equipped to assess what an investor proposes on any of these, and other critical investment terms?

Are you able to recognise what aspects of the investor's proposal are negotiable, and what commercially acceptable alternatives you can consider proposing when negotiating with the investor?

If you're unsure, you're not investor-ready.

Join us for an intensive one day workshop and take a leap forward in your readiness to negotiate with an investor or venture capitalist.

Presenter

Philip Mendes

Delivery style

Interactive workshop style.

Emphasis on discussion, participants asking questions, contributing their comments, and sharing their experiences. We find that this interactive workshop style keeps participants alert and achieves a more effective learning and skills building outcome.

Materials

Each participant receives a set of bound workshop materials which will be an ongoing reference resource.

Certificate of Completion

A Certificate of Completion is provided to each participant.

START-UP COMPANIES - NEGOTIATING INVESTMENT TERMS WITH INVESTORS
[Times are approximate. Please expect that the duration of breaks may be shortened throughout the day]

<p>Overview: The object of this skills development workshop is to help you negotiate the terms of investment into your start-up company by an angel investor, seed fund, venture capitalist, or any other type of investor (all “an investor”). When an investor presents you with a term sheet, what is negotiable and how and to what extent is it negotiable? What will you struggle to negotiate? What are the ways that you can negotiate the term sheet to be more favourable to you, without spooking the investor? What do some of those mysterious phrases in the term sheet mean, and what are their full implications? What must you make sure the terms of investment include to meet your needs? After this intensive workshop you will be able to more confidently negotiate the terms of investment with an investor.</p>		
8.45	Arrival	
9.00	Factors influencing an investor’s decision to invest – do you match what the investor is looking for?	Investing in the management team. Financial return on the investment. Robustness of the intellectual property protection, competing technology. Technical due diligence on the technology: validating the science. Business and marketing due diligence: validating the business opportunity. Investor exit strategies: listing, trade sale, other exit mechanisms.
	Preparing for an investor’s due diligence on your IP rights – what will the investor check and will you be ready?	Undertaking a due diligence of your intellectual property to make it investment ready. Common due diligence IP ownership and rights defects. Recognising them, and how to fix them. The devaluing effect of due diligence defects and avoiding them to maintain your company valuation.
10.30	Morning Tea	
11.00	Negotiating the way that the investment is made	The Founder’s equity in the start-up company. Investee company structure. Investment in tranches subject to milestones. How milestones are framed and how that framing may disadvantage you. Negotiating the framing of milestones. Negotiating investment by SAFE Notes and convertible notes and their terms. What are warranties? Negotiating business warranties an investor seeks. Negotiating intellectual property related warranties an investor seeks. Who should make warranties – founders or the start-up company? Incentivising the management team with share plans and options plans. What is the difference between them and how do they work?
12.30	Lunch	
1.30	Negotiating share preferential rights sought by an investor	How classes of shares work. Negotiating dividend rights: preferred dividends, dividend rates, cumulative dividends. Negotiating share redemption rights: when redemption rights arise, redemption rates and models. Negotiating anti-dilution rights: rationale and models. Negotiating share conversion rights: conversion rationale, conversion models. Voting rights: 1 for 1, weighted voting on as converted basis. Return on share capital: ranking and priority, models implementing preferential returns.
	Negotiating company governance models and the terms of a Shareholders Agreement	How a Board is composed or appointed. Independent directors. Special shareholder approval matters. Special board approval matters. Rights to financial and management information. Pre-emptive rights on new share issues. Pre-emptive rights on share transfers. Co-sale rights. Come Along and Drag Along Rights. How they each work and models for their implementation.
3.00	Afternoon Tea	
3.30	Practical Exercise: An investor’s Term Sheet	An investor’s term sheet proposing to invest into a start-up company will be presented. Participants will be broken up into groups and will review the term sheet. Participants in their groups will identify issues in the term sheet and discuss how they would proceed to negotiate these issues.
	Report back on practical exercise	Report back on practical exercise, and discussion of the term sheet contents.
5.00	Close	